

Message Text

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ACTION EB-08

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TAGS: EAID, EFIN, AFDF
SUBJ: AFRICAN DEVELOPMENT FUND SECOND GENERAL
REPLENISHMENT

1. NON-REGIONAL DIRECTORS OF AFDF MET WEDNESDAY
MAY 17, TO DISCUSS PROPOSED CANADIAN REVISION TO DRAFT BOARD
OF GOVERNORS RESOLUTION ON SECOND GENERAL REPLENISHMENT.
CANADIAN DIRECTOR PROPOSED REVISION OF PARA EIGHT, WHICH WOULD
HAVE ADJUSTED VOTING RIGHTS ON THE FIRST OF APRIL OF EACH
YEAR. COMPROMISE WAS RZDCHED TO RECOMMEND VOTING RIGHTS BE
ADJUSTED QUARTERLY. GERMAN DIRECTOR ALSO RECOMMENDED THAT DRAFT
RESOLUTION ADDRESS QUESTION OF TIMING OF ELECTIONS PURSUANT
TO ARTICLE 27.6(B) OF THE FUND AGREEMENT. THERE FOLLOWS
TEXT OF REVISED PARA EIGHT OF DRAFT RESOLUTION WHICH IS
BEING SUBMITTED TO CAPITALS FOR CONSIDERATION:

BEGIN TEXT: 8. (A) FOR THE PURPOSE OF DETERMINING ITS PROP-
ORTIONATE SHARE OF THE AGGREGATED VOTES OF THE STATE PARTICIP-
ANTS UNDER ARTICLE 29.3 OF THE AGREEMENT AND TO THE EXTENT
THAT PAYMENT HAS BEEN MADE, EACH INCREASE IN THE SUBSCRIPTIONS
BY A STATE PARTICIPANT SHALL BE ADDED TO THE SUBSCRIPTIONS MADE
BY IT UNDER ARTICLES 6 AND 7 OF THE AGREEMENT ON THE 1ST OF
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JANUARY, APRIL, JULY, AND OCTOBER OF EACH YEAR COMMENCING
1 JULY, 1979; (B) EACH STATE PARTICIPANT HAS AGREED TO THE
PROVISIONS OF SUB-PARAGRAPH (A) HEREIN TO THE EXTENT THAT ITS
AGREEMENT IS REQUIRED UNDER ARTICLE 29(3) OF THE AGREEMENTC
(C) FOR THE PURPOSES OF ARTICLE 27.6(B) IT IS DECIDED THAT ELECTIONS
FOR THE BOARD OF DIRECTORS SHALL TAKE PLACE DURING THE ANNUAL
MEETING OF THE FUND BOARD OF GOVERNORS IN 1980. EH

TEXTM

JAPANESE DIRECTOR IS STILL AWAITING INSTRUCTION REGARDING HIS GOVERNMENT'S RESERVATION ON METHOD OF DETERMINING VOTING RIGHTS.

2. BOARD IS SCHEDULED TO DISCUSS DRAFT RESOLUTION AND ACCOMPANYING REPORT AT JUNE 7, SESSION, HOWEVER NON-REGIONALS DO NOT EXPECT TO BE IN POSITION TO FINALIZE DRAFTS AT THAT TIME BECAUSE OF INSUFFICIENT TIME FOR INSTRUCTION FROM CAPITALS. DRAFT REPORT HAS NOT YET BEEN DISTRIBUTED, BUT AFTER CONSULTATIONS WITH MANAGEMENT CONCERNING PROPOSED CONTENT, USED ENVISIONS SUBSTANTIAL REVISIONS AND ADDITIONS WILL BE PROPOSED AT JUNE 7 BOARD MEETING, WITH DISTRIBUTION TO CAPITALS BEING MADE AFTER THAT SESSION. USED SHOULD HOWEVER, BE IN POSITION TO COMMENT ON PROPOSED REVISION OF PARA 8 (AS ABOVE) AND REQUESTS INSTRUCTION ON THIS POINT PRIOR TO JUNE 7 MEETING.

3. IN OTHER MATTER, NON-REGIONAL DIRECTORS DISCUSSED QUESTION OF OCCUPYING OFFICE SPACE IN THE NEW BANK BUILDING WHEN IT IS COMPLETED LATER THIS YEAR. BANK MANAGEMENT HAS MADE PRELIMINARY DETERMINATION THAT NON-REGIONAL DIRECTORS WILL BE PROVIDED OFFICE SPACE BUT MUST REIMBURSE BANK, ON AN INDIVIDUAL BASIS, FOR THE COST OF SPACE PROVIDED AND FOR THE COST OF ANY ASSOCIATED SERVICES. ARTICLE 27.8 OF FUND AGREEMENT WHICH STATES, LIMITED OFFICIAL USE

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"DIRECTORS AND ALTERNATES SHALL SERVE AS SUCH WITHOUT PAYMENT OF REMUNERATION OR EXPENSES BY THE FUND" SERVES AS BASIS FOR DETERMINATION. IT IS APPARENT THAT FEW NON-REGIONAL GOVERNMENTS ARE IN POSITION TO PAY COST OF OFFICE SPACE IN BANK BUILDING, AND SEVERAL DIRECTORS ARE CONCERNED THAT NON-ACCEPTANCE OF OFFICE SPACE WILL RESULT IN INEQUITABLE INFLUENCE AMONG MEMBERS OF THE BOARD AND COULD WEAKEN NON-REGIONAL INFLUENCE IN INSTITUTION. THEREFORE, IT WAS DECIDED THAT A REPRESENTATIVE OF THE BOARD SHALL CONSULT MANAGEMENT ABOUT POSSIBILITY OF PROVIDING OFFICES AND SERVICES TO ALL NON-REGIONAL DIRECTORS, WITH EXPENSE CHARGEABLE TO FUND ADMINISTRATIVE OVERHEAD UNDER PROVISIONS OF ARTICLE 31.1 WHICH STATES "THE FUND SHALL REIMBURSE THE BANK FOR THE FAIR VALUE OF ITS USE OF OFFICERS, STAFF, ORGANIZATION, SERVICES AND FACILITIES OF THE BANK, IN ACCORDANCE WITH ARRANGEMENTS MADE BETWEEN THE FUND AND THE BANK." THERE WAS STRONG DISAGREEMENT AMONG NON-REGIONAL DIRECTORS AS TO WHETHER SECRETARIAL SUPPORT SHOULD BE INCLUDED IN ANY POSSIBLE ARRANGEMENT, WITH U.S. REPRESENTATIVE TAKING POSITION THAT IF PROVIDED, SUCH SUPPORT SHOULD INITIALLY BE OF A VERY LIMITED NATURE. WILL REPORT ON OUTCOME OF PROPOSED CONSULTATIONS BETWEEN MANAGEMENT AND THE BOARD, AND SUBMIT ANY PROPOSALS FOR WASHINGTON CONSIDERATION.

4. NON-REGIONALS ALSO DISCUSSED IMPLEMENTATION OF REVIEW COMMITTEE REPORT. THE SUB-COMMITTEE OF THE BOARD, CONSISTING OF DIRECTORS FOR CANADA, GERMANY, SUDAN AND ZAMBIA WILL MEET JUNE 8 TO ORGANIZE THE WORK OF THE GROUP. IT WAS DECIDED THAT THE SUB-COMMITTEE SHALL AS MATTER OF PRIORITY ADDRESS THE INVESTMENT PROCEDURES OF THE FUND AND THE QUESTION OF THE ROLE OF THE BOARD. IN ADDITION, IT WAS DECIDED THAT THE BOARD'S SUB-COMMITTEE ON LENDING POLICY, CONSISTING OF DIRECTORS FOR CONGO, SWITZERLAND, US, AND ZAMBIA SHALL RECONVENE TO FURTHER DEVELOP LENDING POLICY, TAKING INTO ACCOUNT STATEMENTS BY GOVERNORS AT ANNUAL MEETING, AND RECOMMENDATIONS OF THE REVIEW COMMITTEE. LOAN POLICY SUB-COMMITTEE WILL PREPARE DETAILED REPORT FOR BOARD CONSIDERATION IN EARLY SEPTEMBER.

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